

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7193

BILL NUMBER: HB 1836

NOTE PREPARED: Jan 13, 2003

BILL AMENDED:

SUBJECT: Insurance Coverage for Childhood Immunizations.

FIRST AUTHOR: Rep. Summers

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires coverage under a policy of accident and sickness insurance and under a health maintenance organization contract for childhood immunizations that are recommended by the federal Centers for Disease Control. The bill specifies that if a provider provides treatment or evaluation and, at the same time, a childhood immunization, the provider must be paid separately for the evaluation or treatment and the childhood immunization.

Effective Date: July 1, 2003.

Explanation of State Expenditures: This bill is estimated to increase rates for the state employee health plans by approximately \$1 M. The state plans currently cover all of the CDC recommended immunizations. However, most of these plans include copayments, deductibles, and out-of-pocket expenses.

A polling of providers resulted in four of the six state plans responding that rates would increase, one provider responded there would be a minimal increase, and one provider did not respond within the given time.

The cost of implementing this provision is estimated to be approximately \$1 M. This cost represents the total increase in rates for state health care plans. However, the state may elect to pay the increase in cost, reduce benefits, pass the cost increase on to state employees as higher contribution rates, or share the cost of the increase with state employees.

Publicly Funded Immunizations: Local health departments provide childhood immunizations for approximately 27% of the children in Indiana. Some of these children may be insured, but the insurance may

not currently cover immunizations. Consequently, the bill's requirement that the cost of immunizations be covered in full by insurance policies and HMOs could potentially reduce the number of children being immunized at local health department programs. According to State Department of Health pricing information, the full battery of required childhood immunizations *based on public sector unit prices* is approximately \$410 per child. The amount of state funding that is spent for this purpose is currently unknown.

Explanation of State Revenues:

Explanation of Local Expenditures: The bill would require childhood immunizations to be covered by health insurance policies and HMO contracts, but would not allow any copayments, deductibles, or out-of-pocket expense. This could potentially impact local governments and school corporations purchasing health benefits from insurance companies and HMOs for their employee health benefit plans. Health insurance coverage for local governments vary. It is possible that local expenditures for health insurance could increase due to the provisions of this bill.

Local units of government (LUGs) are allowed to purchase state health insurance for their employees. HEA 1925-2001 allows local governments to form a LUG group to purchase health insurance through state providers. These rates would likely increase based on the provisions of this bill.

The private sector cost of the full battery of required childhood immunizations is approximately \$700 per child. However, this does not necessarily mean that premium costs for local unit and school corporation health benefit plans would increase by that amount. The actual impact on premiums would depend upon the extent to which these employee health plans already pay for required childhood immunizations and the extent to which these costs could be passed on to purchasers. Specifically, premium increases could potentially occur if an employee health benefit plan currently doesn't cover childhood immunizations or covers immunizations, but with a copayment, deductible, coinsurance, or out-of-pocket expense that is higher than for other services.

In addition, a premium increase resulting from the bill may not necessarily imply additional budgetary outlays since employer responses to increased health benefit costs may include: (1) greater employee cost sharing in health benefits; (2) reduction or elimination of health benefits; (3) reduction in the size of the workforce eligible for health benefits; and (4) passing costs onto workers in the form of lower wage increases than would otherwise occur.

Explanation of Local Revenues:

State Agencies Affected: All agencies that purchase accident and sickness insurance or use HMOs to provide healthcare.

Local Agencies Affected: All agencies that purchase accident and sickness insurance or use HMOs to provide healthcare.

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